

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MARION COUNTY)
WATER DISTRICT TO REVISE CERTAIN)
NONRECURRING CHARGES) CASE NO. 2009-00540

O R D E R

On December 28, 2009, Marion County Water District ("Marion County") applied for authority to revise its rates for meter connections/tap-on charges, which are nonrecurring charges. On January 28, 2010, the Commission suspended Marion County's proposed rates up to and including June 30, 2010. Commission Staff's ("Staff") First Information Request to Marion County was entered on April 29, 2010 and, on May 6, 2010, Marion County requested an extension of time to respond. This request was granted on May 18, 2010, and Marion County filed its response on May 25, 2010. On July 1, 2010, Marion County filed a notice of its intent to increase its rates effective July 2, 2010. On July 2, 2010, the Commission ordered Marion County to maintain its records in such a manner as to allow a determination of any amount to be refunded, in the event a refund is ordered, upon final resolution of this matter. In addition, Marion County was ordered to file revised tariff sheets reflecting its revised rates, and this was done on July 6, 2010.

Marion County has acknowledged that its last general rate case was Case No. 9384 (filed in 1985) and that it is aware that 807 KAR 5:011, Section 10(3), limits tariff filings for a rate revision of a nonrecurring charge to no more than two such filings

between general rate cases. Marion County has requested a deviation from 807 KAR 5:011, Section 10(3).¹ A review of Marion County cases that have been brought before the Commission since its last general rate case in 1985 includes six rate increases processed pursuant to KRS 278.023 and three previous nonrecurring rate cases.

Marion County has itemized its expenses for installing new meters, including material expenses, service pipe expenses, installation labor expenses, installation equipment expenses, and installation miscellaneous expenses. The total connection expense is listed at \$1,100 for 5/8-inch x 3/4-inch meters.

Having considered the evidence, the Commission finds the following:

1. Pursuant to 807 KAR 5:011, Section 10(3), a utility may make only two filings to adjust its nonrecurring charges between general rate adjustment cases. Since its last general rate adjustment proceeding and prior to its current application, Marion County has obtained an increase in its nonrecurring charges three times and has filed new tariffs reflecting these increased rates since its last general rate case. Marion County has requested a deviation from this regulation to permit its current application, and this should be granted.

2. Marion County should be put on notice that, although KRS 278.023(4) permits an increase in rates if required as a condition of federal financing of a construction project, this procedure is not considered a general rate case and does not satisfy the requirement that no more than two tariff filings for nonrecurring charges shall be made between general rate cases.

¹ See Marion County's Response to Commission Staff's First Information Request to Marion County Water District at 1 (filed May 26, 2010).

3. Marion County has provided adequate justification of the individual expenses incurred to provide the services associated with meter installations, with the exception of the expenses included for the use of a boring machine and backhoe. As Marion County owns both a boring machine² and a backhoe,³ any expense associated with the use of these two pieces of equipment is not justified and should be deleted from the calculations. Depreciation of these two pieces of equipment in a general rate case, brought pursuant to 807 KAR 5:001, Section 10, is the appropriate venue for Marion County to recover these costs, rather than as additional items in a nonrecurring charge. Mileage costs, however, consistent with its average trip of 28 miles in 2009, can be included.⁴ The Commission further puts Marion County on notice that, in the future, more than one bid should be submitted to substantiate the costs of materials or it should provide a reason that only one bid is submitted.

IT IS HEREBY ORDERED that:

1. Marion County is granted a deviation from 807 KAR 5:011 to apply for the proposed adjustment to its nonrecurring charges.

2. The charges listed in Marion County's application, with the exception of the installation equipment charges that shall be deleted, are approved for services rendered in the installation of new 5/8-inch x 3/4-inch meters.

² Id. at 2.

³ Id. at 3.

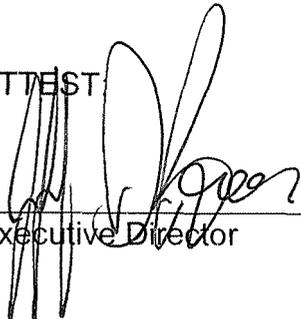
⁴ The mileage cost should be based on the American Automobile Association ("AAA") Daily Fuel Gauge Report for Kentucky for regular unleaded gas. The gasoline cost used for the calculation is located on the AAA website at www.fuelgaugereport.com/.

3. Marion County shall file a revised tariff consistent with this Order within 30 days of the date of this Order.

By the Commission

ENTERED *M*
OCT 27 2010
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00540 DATED OCT 27 2010

The following rates and charges are prescribed for the customers in the area served by Marion County Water District. All other rates, charges, and policies not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Non-Recurring Charges

Meter Connection/Tap-On Charge	
5/8-inch X 3/4-inch Meter	\$865.00
All Larger Meters	Actual Cost

Barbara May
Chairperson
Marion County Water District
P. O. Box 528
Lebanon, KY 40033